

The Highland Council
Community Services Committee
20 August 2015

Agenda Item	12
Report No	COM 40/15

Update on Homeless Initiatives

Report by the Director of Community Services

Summary

This report updates Members on current initiatives which aim to improve the lives of homeless people in Highland. The report also highlights the impacts of Welfare Reform on the way we currently provide temporary housing for homeless people and makes recommendations on changing our model of provision to ensure it is both appropriate and affordable for homeless people in the future.

1. Introduction

- 1.1 Several key initiatives have been identified to improve the way we provide services to homeless people in Highland.
- 1.2 The Temporary Accommodation Re-provisioning Project is using savings from the reduction in leased private sector rooms used to provide temporary accommodation to invest in building and procuring Council-owned self-contained one-bedroom flats in small developments across the Highlands. This move to increase the provision of better quality, Council owned accommodation will help improve the life chances of homeless people in Highland.
- 1.3 The on-going review of housing support services for homeless clients is developing new arrangements for assessing and providing housing support to vulnerable clients across Highland in order to meet new legal requirements.
- 1.4 We are currently implementing changes to staffing arrangements previously agreed by Committee. Changes have also been made to partnership arrangements for homelessness, providing greater links to the Single Outcome Agreement and Community Planning Structures.
- 1.5 All of these areas of work are inter-related and they are being coordinated at officer level within the Council by a Homeless Initiatives Project Board chaired by the Head of Housing.

2. The Temporary Accommodation Re-provisioning Project up-date

- 2.1 In April 2013, the Finance, Housing and Resources Committee agreed a new approach to the Council's provision of temporary accommodation for homeless households. This project takes the savings generated by the reduction in the use of contracted bed and breakfast type accommodation and uses it to fund the development of new one bedroom properties within housing development

projects. The project also uses the savings to fund the acquisition of further one bedroom properties through the open market for use as temporary accommodation.

- 2.2 The project business case was based on a reduction in use of **50** private sector rooms per year across Highland to 2017. This was predicted to generate revenue savings of £1.8m over 4 years which would fund loan charges on borrowing required to build or acquire **200** new homes by 2017.
- 2.3 Our use of contracted rooms has reduced by **84** and to date we have provided an additional **43** one bedroom units with another **36** units in progress.
- 2.4 Risks to the project were identified at the planning stage, with the main risks being an increase in homeless presentations and development constraints in the Inverness area. These risks are reviewed regularly by the Homeless Initiatives Project Board.
- 2.5 Figures on homeless presentations are reported to Committee through quarterly performance monitoring reports. Homeless presentations have remained stable over the past three years with on average around **250** cases per quarter. However, there has been an increase in the number of household in temporary accommodation, and those households are remaining in temporary accommodation longer, due to difficulty in identifying permanent housing outcomes for them. We have been able to manage this to date within a reducing number of contract rooms, but this may present an increasing challenge over the remainder of the project.
- 2.6 Development constraints in the Inverness area mean that the number of new properties from development projects will be more difficult to achieve. This has been balanced to date with the purchase of properties on the open market and work is on-going to identify development opportunities in the Inverness area. To date **46** of the **84** contracted rooms no longer in use have been in Inverness. Of the **43** new one bedroom units built, **18** have been in Inverness, with **13** of the **36** units in progress also in Inverness, leaving the area with less temporary homeless accommodation overall.

3. Homeless Housing Support Services Review

- 3.1 Support services for homeless clients are delivered through 7 independent providers with a total budget of £1.642m for 2015/16. In December 2014 the Council agreed savings through standardisation of the hourly rate paid to support providers.
- 3.2 As reported in August 2014, the Council is reviewing the way that housing support services are delivered. This review (as a result of the requirement to meet statutory duties to provide housing support services to homeless clients) aims to improve systems for referral and monitoring, and provide a greater focus on outcomes.

- 3.3 As previously reported it is intended to trial a new housing support service specification with our current providers. There has been a delay in starting this due to the need to introduce agreed budget savings this year. We are now aiming to commence this trial during September 2015 with a view to beginning a formal procurement process in early 2016. During the trial period we will explore the best options for packaging the work to be subject to tender. We will continue to engage with current housing support providers during the trial period.

4. Scottish Housing Regulator Thematic Enquiry

- 4.1 The Scottish Housing Regulator carried out a thematic inspection on housing options services during 2013 and published their findings and recommendations in May 2014. The Regulator recommended that local authorities review their delivery of homelessness services to ensure they are focussed on achieving outcomes that meet peoples' needs; that they are person centred; that they prioritise early intervention; and provide balanced and appropriate advice and information.
- 4.2 Committee agreed changes to the homelessness service structure in June 2015 and this is currently being implemented. In addition the Scottish Government has issued draft guidance on housing options and this will form the basis of procedures for our staff.
- 4.3 New partnership working arrangements have been agreed with NHS Highland and we now have a single multi-agency homelessness strategy group. Homelessness strategy is now more closely linked with Community Planning structures through the Health Inequalities theme group.

5. Impacts of Welfare Reform on the provision of temporary accommodation

- 5.1 Partly due to patterns of housing demand, the majority of temporary accommodation in Highland is currently provided using properties or rooms rented from private landlords. This is summarised in **Appendix 1, Table 1**.
- 5.2 We have a framework agreement in place with landlords to supply a number of bed and breakfast type rooms, which is due to end in October 2015. It is proposed to extend this by one year, while continuing to reduce the use of rooms under the terms of the temporary accommodation project. In the longer term, due to issues of affordability, quality and as a result of Welfare Reform, it is recommended that the Council should make further changes to the way temporary accommodation is provided.
- 5.3 Rents in temporary accommodation are set to recover the full cost to the Council of providing the accommodation. Details are provided in **Appendix 1, Table 2**. As a result rents are higher for temporary accommodation not provided in Council owned property. While housing benefit can assist those on low income to meet these higher rents, not every person in temporary accommodation will qualify for full benefit. This has resulted in affordability issues for some homeless people and particularly those who are working.

- 5.4 Issues of affordability have become a greater cause for concern as a result of Welfare Reform. The main issues are summarised below.
- 5.5 Over time we will expect to see an increasing number of homeless households receiving Universal Credit rather than Housing Benefit.
- 5.6 The housing cost or rental element of Universal Credit will be paid direct to homeless applicants under Universal Credit. We are already seeing an impact on rent arrears from general Universal Credit claims. This could be expected to be a bigger issue for vulnerable households. Universal Credit is paid monthly in arrears based on the claimants' circumstances at the end of the monthly assessment period. While we can request payments are made direct to us where we feel someone cannot manage their finances, the timing of this process set against the brief time some people stay in temporary accommodation means that in many cases we will not be able to obtain direct payment quickly enough to prevent arrears.
- 5.7 Charges for temporary accommodation comprise a rental element and a management / service charge element. The rental element under Universal Credit is based on Local Housing Allowances. The current local housing allowance rates can be found at **Appendix 1, Table 3**. The use of Local Housing Allowance rates have a particular impact on single people under 35 who are restricted to the "shared room rate". This is a concern in relation to homelessness, since analysis of those staying in temporary accommodation in June 2015 showed **59%** were under 35. Two further proposed changes to the welfare benefits system will compound this concern – the restriction of LHA rates to the 20th percentile which will reduce the amounts of LHA awarded and the abolition of help with housing costs for those under 21.
- 5.8 Currently there is no allowance for the management / service charge element of temporary accommodation charges within Universal Credit. There were initial indications from the DWP that there would be an additional flat rate "management element" of £45 per week paid direct to Councils to recognise the additional housing costs involved for temporary accommodation. At this stage there is a lack of clarity about the status of this payment. To date the Council has not received any additional payment.
- 5.9 The complexities of these issues led us to examine the impacts on affordability in our different types of accommodation – see **Appendix 2**. The outcome shows that the most affordable temporary accommodation for single homeless people is that which is owned by the Council.
- 5.10 There is a category of "exempt" accommodation which sits outside the Universal Credit framework. Clients in this type of accommodation will have their housing costs assessed separately through Housing Benefit which will continue to be paid direct to the landlord. Council-owned and managed accommodation cannot be classified as "exempt". However, local authority accommodation which is leased to a housing association, charity or voluntary organisation for the provision of supported accommodation and wholly managed by them will be included in the definition, so long as there is also

provision of significant levels of “care, support or supervision”.

6. Conclusion on the future model of temporary accommodation

- 6.1 Due to concerns around affordability and to mitigate the impacts of the Welfare Reform, we need to review our model of provision from the current position where the majority of homeless accommodation is sourced from the private sector. Our current understanding of the issues suggests that the best future model will be providing the majority of homeless accommodation from within our own stock, while sourcing specialist supported accommodation as required.
- 6.2 While the temporary accommodation re-provisioning project is taking us in the right direction and making temporary accommodation more affordable for homeless people we will also need to consider:
- reducing the reliance on leased properties and identifying more HRA properties for use as temporary accommodation;
 - reviewing the future requirements for bed and breakfast type rooms to inform future procurement beyond 2016;
 - how we provide accommodation for homeless people with more complex needs including greater use of “exempt” accommodation.
- 6.3 It is recommended that Committee agree this approach and that progress and further detailed recommendations are reported to future meetings.

7. Implications

- 7.1 Resources – resource issues associated with re-provisioning temporary accommodation were identified and analysed as part of the detailed business plan. Overall this project is cost neutral for the Council but uses resources more effectively and provides long term assets. There are a number of resource implications in relation to the cost of temporary accommodation arising from Welfare Reform which are detailed in the report.
- 7.2 Legal – legal issues were identified and analysed and form part of the detailed business plan for the temporary accommodation project. There are legal implications for the Council resulting from the requirement to assess and provide housing support services to all homeless people. The work currently being undertaken on housing support services aims to ensure the Council meets its legal duties.
- 7.3 Equalities - an Equality Impact Assessment has been completed for the temporary accommodation project and no group will be disadvantaged by the proposal.
- 7.4 Climate Change/Carbon Clever – no impact arising from this report.
- 7.5 Risks to the temporary accommodation project were identified and analysed within the detailed business plan, and are reviewed by the Project Board. Current risks are highlighted in section 2 of this report.

7.6 Gaelic and Rural implications - no impact arising from this report.

Recommendations

The Committee is invited to:

- (i) Note the progress of the Temporary Accommodation Re-provisioning Project.
- (ii) Agree to the trial of a new housing support service specification with our current providers with a view to beginning a formal procurement process in early 2016;
- (iii) Note the impacts of welfare reform on temporary accommodation; and
- (iv) approve a review of current provision, aimed at:
 - reducing the reliance on leased properties and identifying more HRA properties for use as temporary accommodation;
 - reviewing the future requirements for bed and breakfast type rooms to inform future procurement beyond 2016;
 - considering how we provide accommodation for homeless people with more complex needs including greater use of “exempt” accommodation.

Designation: Director of Community Services

Date: 16 July 2015

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Background Papers:

Appendix 1: Temporary Accommodation units in Highland at 31 March 2015:

Table 1 – temporary accommodation by area and type

	Ad Hoc B&B Room	Contracted room	Council Owned	Leased from RSL	Private Lease	Total
Badenoch And Strathspey Area	3		5	4	5	17
Caithness Area	3		10			13
Inverness Area		199	26	10	90	325
Lochaber Area	23	8	4	15	11	61
Nairn Area		7	5	8	4	24
Ross And Cromarty Area	16	45	22	21	27	131
Skye And Lochalsh Area	12		19	8	3	42
Sutherland Area			1	1		2
Total	57	259	92*	67	140	615

*includes 11 hostel type rooms in Kingussie and Portree

Table 2: Rent charges in temporary accommodation

	Rent setting principle	Average Rent
Council Owned	Council rent charge plus homeless service charge	£99.87
Leased from RSL	Charge to tenant is set at full cost recovery rate	£129.48
Private Lease	Charge to tenant is set at full cost recovery rate	£153.06
Contracted room	Charge to tenant is set at full cost recovery on contracted rates	£154.69
Ad Hoc B&B Room	Charge to tenant is set at full cost recovery rate	£163.14

Table 3: Local Housing Allowance rates in Highland

Highlands and Islands Weekly Local Housing Allowance Rates – April 2015		
	Highlands and Islands Postcodes: IV1-28, IV40-49, IV51-56, IV63, KW1-3, KW5-14, PA34, PH19- 26, PH30-44, PH49-50	Argyll and Bute Postcodes: PA36 & PA38
1 Bedroom with Shared Facilities	£59.04	£61.36
1 Bedroom	£91.81	£84.23
2 Bedrooms	£110.72	£103.85
3 Bedrooms	£126.92	£120.29
4 Bedrooms	£160.38	£180.00

Appendix 2: Affordability of temporary accommodation under Universal Credit

Key: The amounts stated below represent the income a tenant would have left per week after they have paid their full rent liability. It also assumes that there has been no contribution from the DWP towards the Service Charge for the property (known as a 'Management Fee')

*	Represents tenants having no income left at all after they have paid their rent from their Universal Credit entitlement.
N/A	The one bedroom LHA rate only applies to the over 35's in self-contained accommodation.

In order to quantify the affordability of temporary accommodation. The figures quoted below can be compared to the 'standard allowance' of Universal Credit. All Universal Credit claimants qualify for the 'standard allowance' element in the calculation of their entitlement which represents the minimum amount of benefit due for basic living needs. The weekly standard allowances for single Universal Credit claimants are:
 under 25's £57.52
 Over 25 £72.61

Accommodation Type	HRA Owned	RSL Lease	HRA Hostel	PRS Lease Shared Room Rate	PRS Lease One Bed Rate	Framework Room	PRS Shared Room Rate	PRS One Bed Rate
Average weekly rent for accommodation type	£94.80	£125.34	£142.07	£149.69	£149.69	£155.70	£109.60	£109.60
Single Tenant's Circumstances	Net Income after paying rent due							
Jobseeker Under 25	57.52	*	*	*	N/A	*	6.38	N/A
Jobseeker	72.61	5.73	*	*	13.82	*	21.47	53.91
Limited Capability for Work Under 25	86.33	16.45	2.72	*	N/A	*	35.19	N/A
Limited Capability for Work Over 35	101.42	34.54	17.81	10.19	42.63	4.18	50.28	82.72
Working 16 hrs – Min Wage Under 21	102.90	36.02	19.29	11.67	N/A	5.66	51.76	N/A
Working 16 hrs – Min Wage Over 21	125.66	58.78	42.05	34.43	66.87	28.42	74.52	106.96
Working 30 hrs – Min Wage Under 21	135.77	68.89	52.16	44.54	N/A	38.53	84.63	N/A
Working 30 hrs – Min Wage Over 21	163.46	96.58	79.85	72.23	104.67	66.22	112.32	144.76

Based on 2014/15 Benefit rates minimum wage rates and Local Housing Allowance rates.